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11. (U) Our entire mission joins me in extending to CODEL Rush a very warm welcome to Ghana. We hope your visit here helps inform you, and we look forward to supporting your objectives.

12. (U) SUMMARY. Ghana's December, 2008 election saw the country's second peaceful transfer of power between political parties since the nation's return to constitutional democracy in 1992. Professor John Evans Atta Mills, a former vice-president (and Fulbright Scholar) was elected President in a narrow run-off election. His party, the National Democratic Congress, gained enough seats in Parliament to be, with minor party support, the governing party. Ghana faces economic challenges, particularly high inflation and large budget and current account deficits. However, economic growth is expected to be positive in 2009, and the country should begin exporting oil by 2011. Ghana has a good record on human rights, an apolitical military, and a lively media. Progress continues on the implementation of the \$547 million compact through the Millennium Challenge Corporation.

13. (U) Summary continued: Ghana has made impressive progress in democratic and economic development but challenges such as poverty, corruption, lack of adequate infrastructure, an improving but still difficult business climate, and narcotics trafficking (cocaine and heroin) must be overcome if Ghana is to achieve its goal of reaching middle income status by 2015.

14. (U) U.S. interests center on support for Ghana's democracy, improvement in health, poverty reduction and shared prosperity, private sector development, security cooperation, and enhanced people-to-people and cultural ties. Ghana is a reliable partner in peacekeeping, conflict

resolution, countering terrorism and in economic development.
We share
with the Government of Ghana a growing concern about Ghana,s
role as a
transshipment point for narcotics, particularly cocaine from
Latin America.
END SUMMARY

THE 2008 ELECTION

15. (U) Ghana,s 2008 election saw the country,s second
peaceful
transfer of power between political parties. Former
President John Kufuor
was constitutionally limited from a third term in office.
Ghana,s main
political parties, the New Patriotic Party (NPP) and the
National
Democratic Congress (NDC), along with several minor parties,
staged a
hard fought campaign. The NPP was led by the former Foreign
Minister, Nana
Akufo-Addo. In the first round of presidential voting, none
of candidates
received a majority of the votes cast, necessitating a
run-off election,
which was won by less than 40,000 votes out of over 9 million
votes cast,
by the NDC,s candidate, former vice-president and law
professor, John Evans
Atta Mills. Domestic and international election observers
declared the
election to be free, transparent and to have reflected the
will of the people.
The U.S. Mission in Ghana fielded eighty election observer
teams as part of
The international election observation program.

16. (U). Even prior to the 2008 election campaigns, the main
parties
were highly polarized. However, Ghanaian voters showed a
strong
commitment to peaceful elections, and other than a few violent
incidents during the campaign, the election was generally
peaceful. Civil
society, particularly religious associations, is active, and
worked for
months ahead of the voting to promote peaceful elections.

THE MILLS ADMINISTRATION

17. (SBU) Ghana is a stable country, with an apolitical
military, a
solid record on human rights, and a lively, free media.
After 17 years of democratic governance, Ghanaians are
committed to
democracy. Ghana has held five consecutive democratic
national
elections deemed to have been free and fair. The constitution
provides parliament with little power relative to the
executive, and the
legislature lacks basic resources such as staffing.

18. (SBU) President Mills, cabinet contains several members
who
served in the last NDC government under former President
Rawlings.
The cabinet includes a mix of technocrats and elected Members
of Parliament.
Mills campaigned on a pledge to have 40% of senior government
positions
filled by women, and a large number of women have been
appointed to

positions (even though 20% fewer women were elected to parliament in 2008).

¶9. (SBU) Ghana's foreign policy is unlikely to change significantly under the Mills administration. Ghana will continue to provide military support for peacekeeping operations. Domestically, the President pledged to improve health care, education, and campaigned on a platform of making investments to lead to job creation. Economic conditions, including budget deficits, may delay the implementation of NDC priorities.

U.S. ASSISTANCE TO GHANA

¶10. (U) USAID provides significant support for Ghana's development, averaging about \$40 million annually 2004-2007 in addition to \$22 - \$25 million in food aid prior to FY 2007. While food aid is being phased out, additional support for HIV/AIDS, malaria and education under the special Presidential Initiatives has increased overall funding for USAID to approximately \$115 million in FY 2009. Ghana's strong performance was recognized in 2006 with the signing of a five-year, \$547 million Compact with the Millennium Challenge Corporation, aimed at transforming Ghana's agricultural sector. The Compact has three main components: enhancing profitability of small farmers; reducing costs affecting agricultural commerce through improvements in infrastructure, including roads; and expanding basic

services in thirty key agricultural districts. Ghana is the original Peace Corps country, with volunteers serving here since 1961; today, approximately 130 volunteers are working at the community level in education, health awareness, water and sanitation, and environmental protection. The PEPFAR program in Ghana will expand this year to \$17 million, and is the largest HIV/AIDS donor supported prevention program in the country.

DIFFICULT CHALLENGES REMAIN

¶11. (SBU) Despite Ghana's democracy and stability, political power is centralized in the executive, and institutions such as the judiciary, are still developing and often under-resourced. Corruption is a factor, and Ghana faces human rights challenges relating to child labor and human trafficking. Ghana also faces a range of security challenges, including a rise in violent street crime and vigilante justice, sometimes violent chieftaincy succession disputes, and a growing problem with narcotics trafficking. This trafficking involves the transshipment of cocaine from Latin America, and to a lesser degree heroin

from Central Asia, into Europe and the U.S. The Ghana Police Service and other authorities have requested assistance in countering narcotics; the police have also been at the center of scandals involving the disappearance of seized cocaine. In 2009 the U.S. Drug Enforcement Administration opened an office in Accra, and the USG gets good cooperation in counternarcotics efforts.

¶12. (SBU) Despite shocks to the economy from the current fiscal crisis based on two years of pre-election over-spending, inflationary trends caused by global food shortages, spiking fuel prices, and currency depreciation throughout 2008, and the global financial crisis, Ghana's growth is still expected to be positive in 2009, largely due to buoyant gold and cocoa prices on the world market. However, Ghana's economic situation is difficult. The country is challenged by unsustainable twin deficits--the current account deficit is at about 11 percent of GDP, and its trade deficit is 26 percent of GDP--mostly due to the high oil prices of 2008. Ghana is running a budget deficit of about 14.9 percent of GDP. Ghana's major sources of foreign exchange include exports of cocoa, gold, and diamonds which account for more than 65 percent of exports. Remittances from overseas workers are also economically important, and declined 30 percent between December 2008 and January 2009, double the median change over the past four years. The drop in remittances is causing layoffs in the banking sector as well as a dearth of foreign exchange available to the government. Ghana is also dependent on foreign assistance, with 40 percent of its budget coming from Development Partners. Inflation crossed 20 percent in February 2009. Meanwhile, the Ghana cedi continues the 2008 trend of depreciation against the dollar and other world currencies--falling by 15.5 percent the first five months of 2009 alone. The impact of the 2007 discovery of commercially viable offshore oil reserves is a wild card in Ghana's energy and economic future. Oil production is expected by

¶2011. Once the Government of Ghana begins receiving oil revenue the financial windfall will likely present significant revenue management challenges as well as development opportunities.

¶13. (SBU) Social indicators such as maternal and infant mortality rates are substantially better than levels in the 1980s but maternal mortality remain very high. The mortality rate of children under five has dropped sharply from 111 per 1,000 live births in 2003 to 80 per 1,000 live births as of 2008, an indicator of important progress including reduced mortality from malaria. Primary school attendance in 2007-8 reached 95% of potential students,

although
quality is lacking. Poverty levels have decreased from 52% in
1992 to 28% in
¶2007. Ghanaians have mixed opinions on whether they have
benefited
from the country,s macroeconomic success. According to the
2008 Afrobarometer survey, 45 percent of respondents thought
that the country,s economic policies were fair or good,
but a similar percentage disagreed.

GHANA IN THE WORLD

¶14. (U) Ghana has been playing an increasingly significant and
positive global leadership role. It is an active member of
the Economic
community of West African States (ECOWAS), chaired the
African Union
in 2007, and recently concluded a term as a non-permanent
member of the
UN Security Council. Ghana is the world,s seventh largest
contributor of
troops to UN Peacekeeping Missions and currently has personnel
serving in Liberia, Cote d'Ivoire, Democratic Republic of the
Congo, and
Lebanon. Ghanaian elder statesman and former UN Secretary
General
Kofi Annan helped broker a fragile power-sharing agreement in
Kenya.
Ghana is also a member of the International Atomic Energy
Agency. Ghana
prefers multilateral solutions to global problems and has a
history of
committed African leadership, based on consensus among
players.

¶15. (SBU) Our bilateral relations are exceptionally good, and
Ghanaians and citizens of the U.S. share a love of democracy,
human rights,
educational opportunity, free enterprise, peace and stability.
There is a deep reservoir of goodwill toward the United
States and
a genuine appreciation of our role and contributions to this
society.
We attribute much of this good will to our sustained public
diplomacy
efforts, particularly our student and professional exchanges
programs,
which currently facilitate the travel of more than 100
Ghanaians and
Americans between our two countries each year. Approximately
3000
Ghanaian students are studying in the United States in
forty-four
states, and the Mission nominates many strong candidates
for International Visitor Programs that enhance professional
development. Ghana, in partnership with AFRICOM, has made
great
strides in developing its maritime domain awareness,
improving its
commercial port security and safeguarding its territorial
waters.
Africa Partnership Station, a six-month U.S. deployment to
the Gulf of
Guinea, wrapped up training in Ghana in March, providing
courses to
personnel of the Ghana Navy and civilian maritime agencies.

¶16. (U) Again, the members of the U.S. Mission in Accra look
forward
to welcoming you to experience some of Ghana,s successes and
challenges
first hand.
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